

State of Missouri State Fleet Management Annual Report 2011



State of Missouri
Office of Administration

Douglas E. Nelson
Acting Commissioner of Administration

State Fleet Management Program

Annual Report

2011

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The Honorable Jeremiah (Jay) W. Nixon and
Members of the General Assembly

I am pleased to submit the Fleet Management Report for the calendar year ended December 31, 2011.

Section 37.450 RSMo. requires the State Fleet Manager to produce an annual report outlining the status of the state vehicle fleet and detailing recommendations for improvements and changes necessary for more efficient management of the fleet. This report includes details of progress made in 2011, the current state of the vehicle fleet, and fleet management goals for 2012.

I believe you will find this report useful and informative. I thank you for your support as we continue our efforts to improve the overall efficiency of the state vehicle fleet. This report is also available on the State Fleet Management website at <http://www.oa.mo.gov/gs/fm/index.htm>.

Sincerely,

Doug Nelson

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Program Overview

State Fleet Management is assigned to the Office of Administration's, Division of General Services. The State Fleet Manager coordinates all aspects of the program and performs the following functions:

- Coordinates statewide fleet management activities
- Develops policy and standard vehicle practices
- Monitors agency compliance with the State Vehicle Policy (SP-4)
- Administers the State Fleet Information System
- Pre-approves passenger vehicle purchases
- Operates a consolidated carpool serving agencies in the Jefferson City area
- Reports the status of the state vehicle fleet annually to the Governor and General Assembly
- Recommends fleet replacement options to policymakers
- Establishes the state fleet mileage reimbursement rate with the approval of the Commissioner of Administration
- Administers fleet related contracts
- Serves as a resource to state agencies on fleet management issues

Missouri state agencies independently manage their vehicles in accordance with state statutes and the State Vehicle Policy. The Office of Administration develops policies with the input of agency fleet managers. The Fleet Management Advisory Committee (FleetMAC) is comprised of representatives from state agencies who provide valuable input into decisions affecting fleet management within state government. Agency fleet managers serve as a single point of contact between the State Fleet Manager and their respective agency on all fleet related issues. A list of agency fleet managers is presented on the following page.

Agency Fleet Managers

Agriculture	Alan Clements
Attorney General's Office	Arlene Boessen
Auditor's Office	Mark Henley
Conservation	James Gerling
Corrections	Mandie Morriss
Economic Development	Sarah Schuette
Elementary & Secondary Education	Rich Villmer
Governor's Office	Judy Murray
Health & Senior Services	Kevin Kolb
Higher Education	Sherry Reeves
Insurance	Shirley Gerling
Labor & Industrial Relations	Doug Stephan
Mental Health	Mike Haake
Missouri Lottery	Rick Petty
Missouri State Highway Patrol	Larry Rains
Natural Resources	Stan Perkins
Office of Administration	Cynthia Dixon
Public Safety	Rhonda Fogelbach
Revenue	Brenda Davis
Secretary of State	Valerie Heet
Social Services	Broc Kohl
State Courts Administrator	Brian Dowden
State Tax Commission	Stacey Jacobs
Transportation	Jeannie Wilson
Treasurer's Office	Nancy Tennison

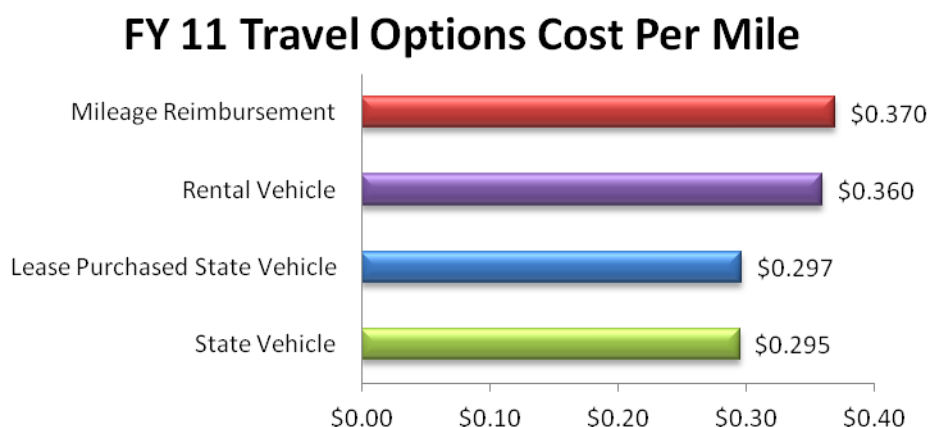
Executive Summary

The State Fleet Management Program is charged with the responsibility to set policy, track utilization, and assist state agencies in the management of the state's vehicular fleet. State agencies determine when vehicles should be used to conduct state business in the furtherance of their mission. Fleet Management strives to ensure this vehicular travel is conducted in the most efficient manner possible.

In FY 11, state employees travelled over 168 million miles on state business. Travel is conducted by state vehicles, rental vehicles, or personally-owned vehicles with employees receiving mileage reimbursement. The State Fleet Management Program coordinates a multi-pronged effort aimed at reducing the state's vehicular travel related expenses by redirecting business miles to the lowest cost option – which is almost always the use of a state vehicle.

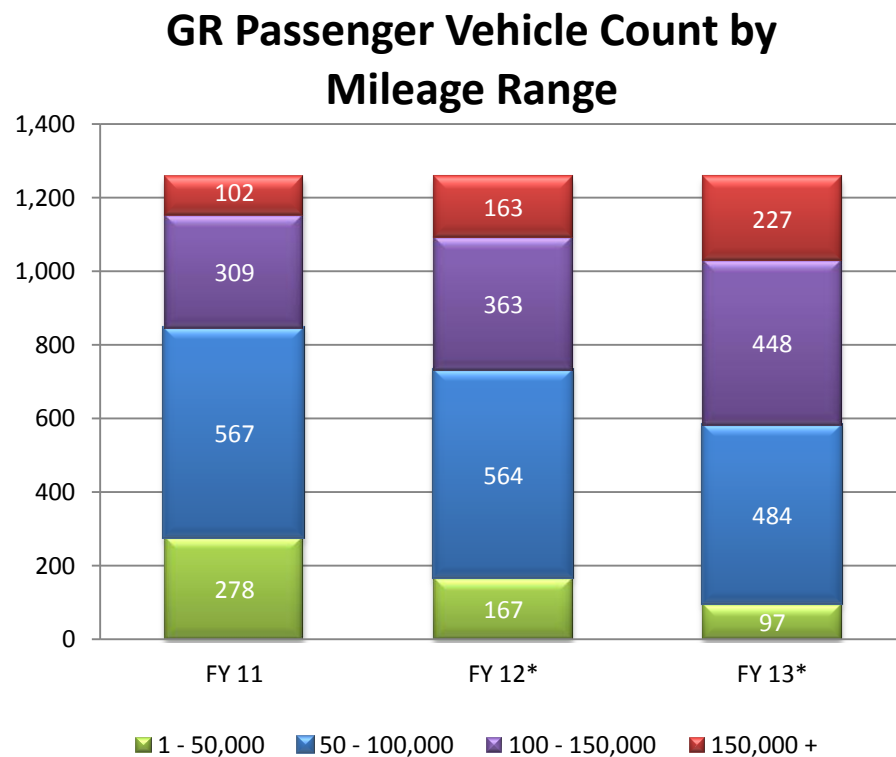
In most cases, mileage reimbursement is the most costly travel option on a per mile basis. Due to a concerted effort to transfer business miles to lower cost options, such as state and rental vehicles, mileage reimbursement expenditures have declined for the past six years. Nevertheless, state employees were still reimbursed for 20 million business miles in FY 11 at a cost of over \$7.4 million.

The State Fleet Management program will continue to promote low cost travel options such as state vehicles.



Executive Summary (continued)

The condition of the General Revenue passenger vehicle fleet continues to be an ongoing concern. Without sufficient annual funding to replace aging vehicles, the condition of the fleet will deteriorate to a point where agencies are forced to utilize more costly travel options. Without adequate investment, by FY 13 the General Revenue funded passenger vehicle fleet will have lost all the gains made through the FY 08 vehicle replacement appropriation. Over 37% of the GR passenger vehicle fleet will exceed the 120,000 mile minimum replacement criteria and 18% of the vehicles will exceed 150,000 miles at the end of FY 13.



*projected

Executive Summary (continued)

The OA Carpool, managed by the State Fleet Management Program, continues to streamline pool operations in Jefferson City. At the direction of the administration, Jefferson City based agency pool vehicles are in the process of being consolidated.

The State Fleet Management Program monitors state fleet data through the State Fleet Information System. The highlights for FY 11 include:

- Fuel costs increased 19% compared to FY 10
- 22% of the fuel purchased in FY 11 was an alternative fuel, mostly E-85 and biodiesel
- Agencies exceeded the statutory requirements for the purchase of alternative fuel vehicles with 87.8%¹ of new eligible vehicle purchases meeting this requirement²
- Mileage reimbursement expenditures declined for the sixth straight year
- Total business miles for agencies reporting to the Governor declined by 7.5% compared to FY 10 and 12.3% compared to FY 09
- State pool vehicles averaged 17,522 miles in FY 11, which exceeds the 15,000 mile minimum requirement set forth in the State Vehicle Policy - one of the highest state fleet standards in the nation

Over the past nine years, the State Fleet Management Program has established a solid track record of capturing, monitoring, and reporting vehicle data, which is the critical foundation behind any fleet management program. Sound programmatic data has led to numerous cost containment and efficiency initiatives; and, as a result, the program has been acknowledged with two Governor's Awards for Quality and Productivity since its inception. The State Fleet Management Program will continue to be vigilant in its efforts to effectively manage the state fleet and monitor vehicular travel expenditures. The program will also continue to make recommendations based on fleet utilization data to further improve the efficiency of the state fleet and generate further savings for the State of Missouri.

¹ Source: Department of Natural Resources FY 11 Annual Report

² Section 37.455 RSMo. requires the commissioner of administration to ensure that no less than seventy percent of new purchases for the state vehicle fleet are flexible fuel vehicles that can operate on fuel blended with eighty-five percent ethanol.

2011 Accomplishments

The key accomplishments for the State Fleet Management Program in 2011 are listed below. Further discussion of each accomplishment is included in the following pages.

- Agencies meet the 10% business mile reduction target and reduced overall business miles by 12.3% compared to FY 09
- Eliminated over 530 vehicles from the state vehicle fleet³
- Consolidation of Jefferson City based pool vehicles is underway
- State pool vehicle average remains high despite travel reductions
- Mileage reimbursement expenditures declined for the sixth straight year
- New rental contracts reduced costs by 17%

10% Business Mile Reduction

In April 2010, the Commissioner of Administration directed each agency to reduce their FY 11 business miles by 10% over FY 09 levels. Overall, agencies reporting to the governor reduced business miles by 12.3% or 8.6 million miles.

Fleet Reduction

In April 2010, the Commissioner of Administration directed agencies to reduce approximately 400 vehicles from the fleet. As of December 31, 2011, over 530 vehicles have been eliminated by all agencies with further reductions expected in 2012. These fleet reductions have returned almost \$1.3 million back to the state in vehicle sales proceeds.

Jefferson City Pool Consolidation

Over the past year, the OA vehicle pool has increased from 49 vehicles at two locations to over 150 vehicles at eight locations. Vehicles from eight new agencies were brought into the consolidated pool. Additional consolidations will be completed in 2012. To date, 21 Jefferson City based pool vehicles have been eliminated.

The OA Carpool serves all Jefferson City employees at prices typically less than rental or using personally owned vehicles. As a result, more business miles are conducted using a state vehicle which ultimately reduces travel expenses associated with rental and personally owned vehicles.

³ As of 12/31/11

2011 Accomplishments

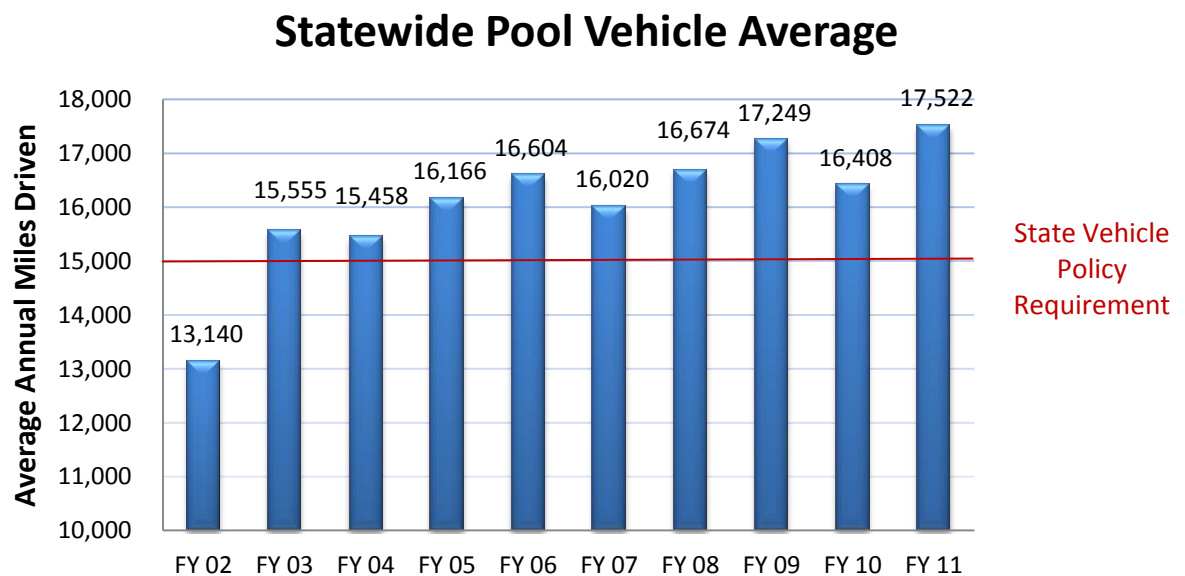
Other soft savings that will be realized by agencies will be less administration expenses associated with pool vehicles in Jefferson City. While administration expenses are included in the OA carpool rates, the consolidation will streamline all activities relating to scheduling and maintenance of a larger consolidated pool of approximately 200 vehicles.

State pool vehicle average remains high despite travel reductions

State pool vehicles averaged 17,522 miles in FY 11, which exceeds the 15,000 mile minimum requirement set forth in the State Vehicle Policy and one of the highest standards in the nation compared to other state fleets. Vehicles assigned to a pool are available for use by multiple individuals which increases their utilization. Pool vehicles are a low cost travel option for agencies.

In 2003, the State Fleet Management Program began measuring the average miles driven on agency pool vehicles to determine compliance with the State Vehicle Policy (SP-4). Since that time, agencies have successfully reassigned vehicles from individuals to a pool which increases utilization and ultimately decreases overall travel costs.

The statewide pool average by fiscal year is illustrated in the chart below.

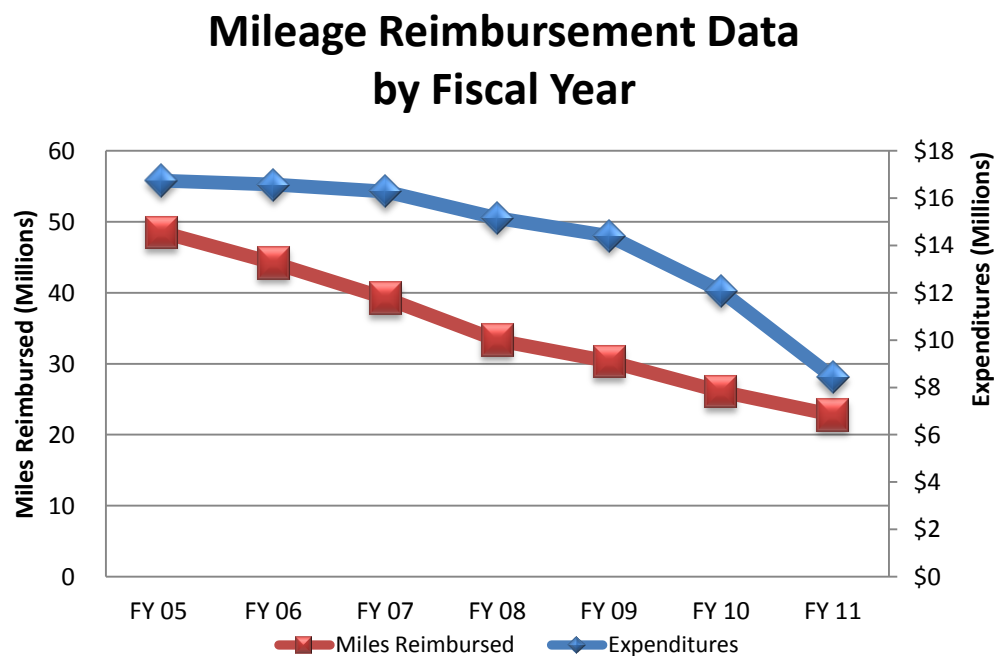


2011 Accomplishments

Mileage Reimbursement Expenditures Decline for the Sixth Straight Year

In FY 05, the State of Missouri reached an all time high in employee mileage reimbursement expenditures at over \$15 million. Expenditures fell for the sixth straight year in FY 11 to just over \$7.4 million, a 53% decrease over the six year period. These savings are due to rate reductions implemented in FY 10 and a multi-faceted effort to transfer business miles away from mileage reimbursement, the highest cost travel option, to lower cost alternatives such as state and rental vehicles. Without these efforts, expenditures in FY 11 would have exceeded \$16 million.

In FY 10, the mileage reimbursement rate was reduced significantly from \$.50 to \$.37 due to budget reductions. Information comparing the IRS mileage reimbursement rates to the State of Missouri's dual reimbursement rate structure is provided on page 10. The chart below illustrates the decline in expenditures and the number of miles reimbursed.



2011 Accomplishments

Mileage Reimbursement Rates

Under the authority of Section 33.095 RSMo., the Commissioner of Administration sets the mileage reimbursement rate for officials and employees. Traditionally, this amount is set at \$.03 less than the published IRS rate. Additionally, with the adoption of the State Vehicular Travel Policy (SP-12), the state transitioned to a dual mileage reimbursement rate structure consisting of a standard rate and a reduced fleet rate. The fleet rate represents the state's cost to own and operate a mid-size sedan and is used to reimburse employees for use of their personally owned vehicles when they choose to not use an available state vehicle. In FY 10, the standard mileage reimbursement rate was reduced three times throughout the fiscal year due to budget constraints, ending at \$.37 per mile.

The reduced fleet rate was lowered from \$.28 to \$.26 per mile. Each year the State Fleet Management Program calculates the fleet rate and submits a recommendation to the Commissioner of Administration.

The table below illustrates mileage reimbursement rates for FY 05 – FY 11 and compares the State of Missouri's dual rate structure to the IRS reimbursement rate.

Mileage Reimbursement Rates (cents per mile)							
	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
IRS	37.5	40.5	44.5	48.5	50.5	50.0	51.0
State of Missouri							
Standard	34.5	37.5	41.5	45.5	47.5	37.0	37.0
Fleet	N/A	N/A	23.0	25.0	28.0	26.0	26.0

2012 Program Goals

For 2012, the State Fleet Management Program has established the following goals to further improve efficiencies in the state fleet.

- Continue to track the fleet reduction initiative
- Finalize consolidation of Jefferson City pool vehicles
- Draft and submit changes to enhance the Trip Optimizer
- Draft and submit enhancements for the State Fleet Information System
- Implement process change to require agencies to consider compact sedans to reduce cost and increase fuel economy

Condition of the State Vehicle Fleet

Over 168 million miles are driven annually on state business. Therefore, it is critical to control overall expenditures by ensuring state employees utilize the lowest cost travel option, which is most often state vehicles. The state fleet should be replaced in a regular, timely fashion to ensure that state employees have reliable and safe vehicles to conduct state business.

The State Fleet Information System contains data for approximately 3,739 licensed state vehicles owned and operated by all agencies, excluding the Missouri State Highway Patrol and the Departments of Conservation and Transportation. Vehicle acquisition data, including the original funding source, is captured to help facilitate replacement planning. Data has been identified by funding source (general revenue or other) and by two main vehicle categories (passenger and medium/heavy duty). The current and projected condition of both the passenger and medium/heavy duty fleet are presented in the following pages. The table below illustrates the number of vehicles by funding source and vehicle category in the State Fleet Information System.

Vehicle Count by Fund			
Vehicle Category	GR	Other	All Funds
Passenger	1,256	1,595	2,851
Medium/Heavy Duty	395	493	888
Total	1,651	2,088	3,739

Passenger Vehicles

The passenger fleet is comprised of sedans, light duty trucks, station wagons, SUVs and passenger vans which are subject to a 120,000 mile minimum replacement criterion established by the State Vehicle Policy (SP-4). Passenger vehicles have a gross vehicle weight rating of less than 8,500 lbs. Agencies must seek preapproval from the State Fleet Manager to purchase passenger vehicles with the exception of those operated by POST certified law enforcement officers.

Excluding the Missouri Departments of Transportation and Conservation, and the Missouri State Highway Patrol, the state fleet consists of approximately 2,851 passenger type vehicles. Through a one-time purchase program approved by the General Assembly, 324 of the highest mileage GR vehicles were replaced in FY 08.

Condition of the State Vehicle Fleet

Passenger Fleet Condition

The average odometer readings and age of passenger vehicles by funding source are illustrated to the right and are reflective of the actual or projected condition of the fleet at the end of each fiscal year without replacement. Odometer readings were projected based on the vehicle being driven the same number of miles as in FY 11.

PASSENGER VEHICLES Average Odometer and Age by Funding Source						
Fiscal Year	Odometer			Age (in years)		
	GR	Other	All Funds	GR	Other	All Funds
FY 11	77,580	72,037	74,586	5.8	5.2	5.5
FY 12	91,216	85,421	88,086	6.8	6.2	6.5
FY 13	104,852	98,805	101,586	7.8	7.2	7.5

Medium/Heavy Duty Vehicles

Vehicles considered as medium/heavy duty are not subject to the same minimum replacement criteria as passenger vehicles. It is difficult for the State Fleet Management Program to estimate the condition or replacement needs of the medium/heavy duty fleet as their normal replacement cycles vary widely and are primarily dependent upon the function of the vehicle. Data on medium/heavy duty vehicles is included in this document to educate policy makers of the likely replacement needs for medium/heavy duty vehicles; however, State Fleet Management must defer replacement recommendations for these vehicles to the state agencies. The table on the right illustrates the estimated condition of the non-passenger vehicle fleet for FY 11 – FY 13.

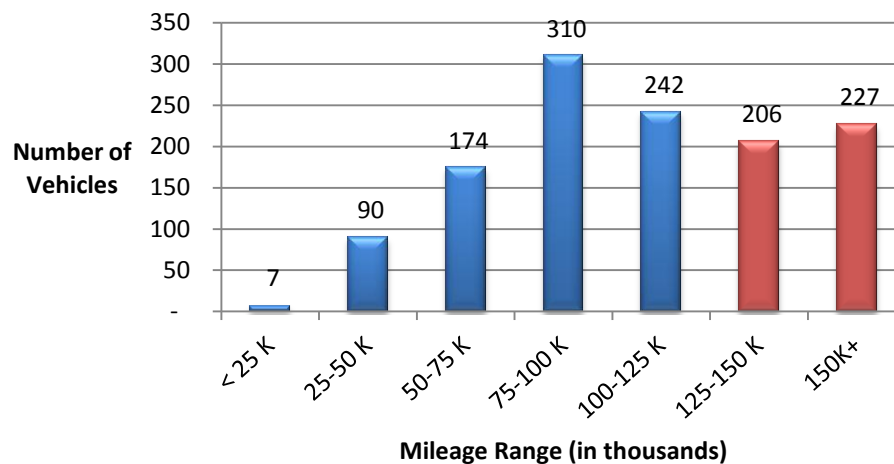
NON - PASSENGER VEHICLES Average Odometer and Age by Funding Source						
Fiscal Year	Odometer			Age (in years)		
	GR	Other	All Funds	GR	Other	All Funds
FY 11	75,654	79,715	77,844	12.0	8.9	10.3
FY 12	81,816	87,891	85,091	13.0	9.9	11.3
FY 13	87,978	96,067	92,339	14.0	10.9	12.3

General Revenue Fund Fleet Replacement Needs

The following table illustrates the projected number of vehicles by mileage range for each fiscal year for all General Revenue (GR) funded passenger vehicles. By the end of FY 12, 28% of the GR passenger vehicle fleet will exceed the 120,000 mile minimum replacement criteria and by the end of FY 13, 37% percent will be eligible for replacement.

Number of Vehicles by Mileage Range			
Mileage Range	FY 11	FY 12	FY 13
1 - 24,999	77	23	7
25,000 - 49,999	201	143	90
50,000 - 74,999	342	254	174
75,000 - 99,999	226	310	310
100,000 - 124,999	169	205	242
125,000 - 149,999	139	158	206
150,000 +	102	163	227
Total	1,256	1,256	1,256

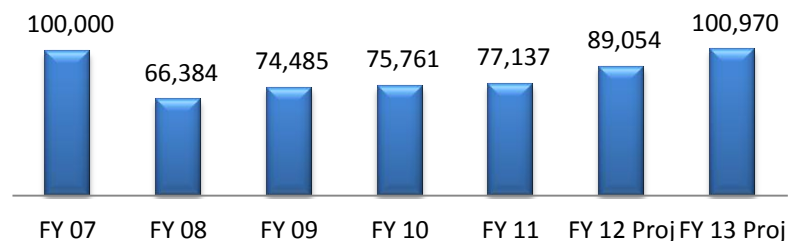
FY 13 Estimated GR Passenger Fleet Condition



General Revenue Fund Fleet Replacement Needs

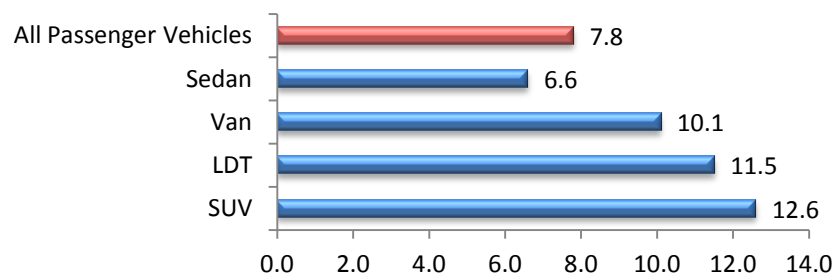
The chart below illustrates the average odometer readings for fiscal years FY 07 – FY 13 based on actual data at the end of FY 07 – FY 11 and projections for FY 12 – FY 13 assuming no additional funding for replacement vehicles. The average odometer reading of the entire GR passenger fleet decreased significantly in FY 08 due to the replacement of some of the oldest vehicles in the fleet; however, by the end of FY 13 the GR passenger fleet will be back to the same condition it was prior to the FY 08 replacements.

Average Odometer Readings GR Passenger Vehicles



The projected average age for all General Revenue passenger vehicles in FY 13 will be almost eight years. Some light duty vehicle categories are in better condition than others. Sedans and minivans are more commonly used for statewide travel and are typically targeted for more frequent replacement. The current minimum replacement criteria for passenger vehicles is 120,000 miles which typically occurs between 6 – 8 years for well-utilized vehicles. We recommend high-use vehicles be replaced on a regular basis to ensure that safe, reliable vehicles are available to meet the majority of state business travel needs.

FY 13 Projected Average Age GR Passenger Vehicles by Category

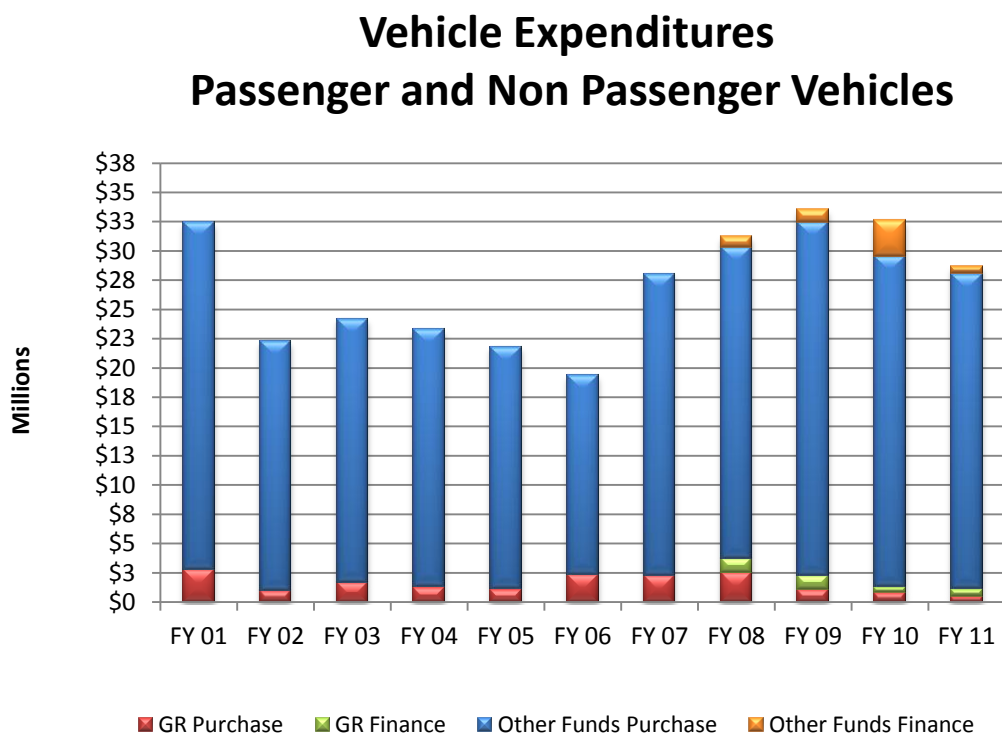


State Fleet Data

Vehicle Purchase Data

The state should replace 12% of the fleet each year based on an eight year replacement cycle to avoid large fluctuations in upfront capital required for fleet replacement. The General Revenue investment in the passenger vehicle fleet alone should be at least \$2.7 million annually to maintain a regular replacement cycle. However, over the past three years, General Revenue funding has averaged only \$1.5 million⁴ for all vehicle types.

The following chart illustrates total vehicle expenditures compared to General Revenue vehicle expenditures.



⁴ Includes funds for outright purchase and lease purchase payments for GR vehicles

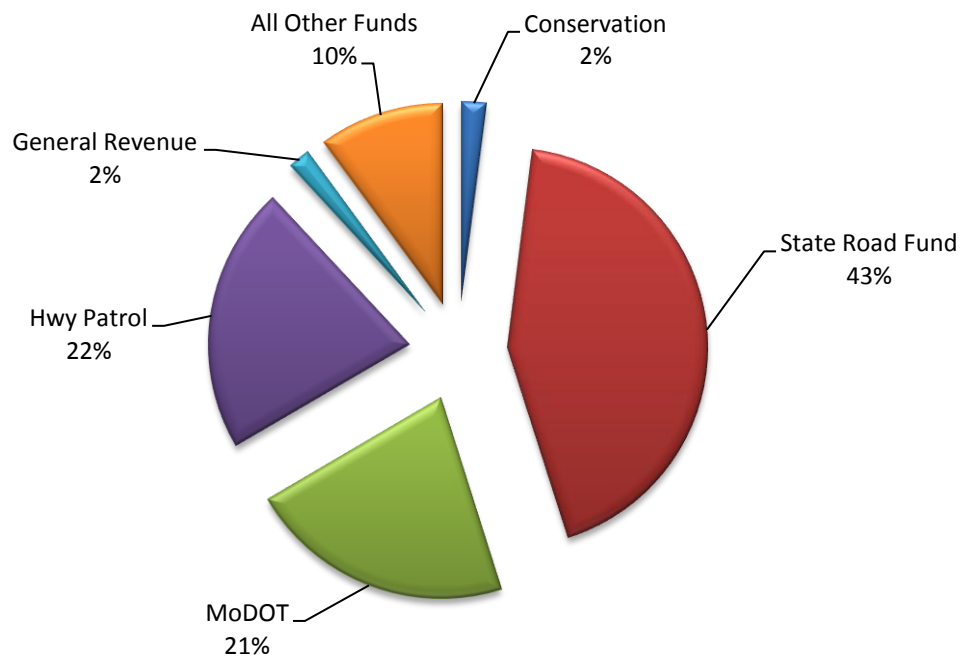
State Fleet Data

Vehicle Purchases by Fund

Vehicle Purchases by Fund*					
Fund Number	Description	FY 10	FY 10 % of Total	FY 11	FY 11 % of Total
0609	Conservation	\$865,190	80%	\$546,343	84%
0320	MoDOT/State Road	\$16,250,167		\$11,817,574	
0644	MoDOT	\$6,023,474		5,881,810	
0695	Highway Patrol	\$2,889,059		\$5,906,699	
0101	General Revenue	\$1,294,578	4%	\$1,137,095	4%
Other	All Other Funds	\$5,278,128	16%	\$3,358,108	12%
ALL FUNDS		\$32,600,596		\$28,647,628	

*Does not include master lease financing of vehicles.

FY 11 Vehicle Purchases by Fund



State Fleet Data

Vehicle Purchases by Agency

Vehicle Purchases by Agency (All Funds)*			
Agency Name	FY 09	FY 10	FY 11
Public Safety	\$8,294,792	\$10,393,000	\$12,636,538
Transportation	\$14,366,283	\$16,292,038	\$11,817,574
Social Services	\$684,239	\$183,988	\$865,025
Natural Resources	\$1,674,076	\$0	\$698,387
Conservation	\$2,403,543	\$865,190	\$546,344
Corrections	\$1,443,212	\$705,787	\$488,340
Health & Senior Services	\$504,707	\$0	\$413,147
Agriculture	\$469,125	\$103,873	\$296,239
Office of Administration	\$469,550	\$102,460	\$200,132
Revenue	\$103,960	\$77,726	\$154,349
Mental Health	\$190,001	\$150,746	\$128,426
Economic Development	\$98,243	\$23,125	\$96,252
Attorney General	\$11,756	\$0	\$91,567
DIFP	\$128,715	\$89,132	\$86,519
Elem & Sec Education	\$342,270	\$41,575	\$43,837
Judiciary	\$0	\$16,843	\$28,948
Secretary of State	\$0	\$0	\$24,774
Labor & Industrial Relations	\$0	\$0	\$15,802
Treasurer	\$0	\$0	\$15,431
Legislature	\$16,502	\$0	\$0
Higher Education	\$0	\$0	\$0
TOTAL	\$31,200,971	\$29,045,484	\$28,647,629

*Does not include master lease financing of vehicles.

State Fleet Data

Vehicle Lease-Purchase Data

Capital Vehicle Lease-Purchase Payments – All State Agencies

Master lease financing of vehicles began in FY 08 as a low cost method to acquire replacement vehicles. Master lease financing was also the basis for the Smart Lease Vehicle Program that continues to generate travel savings.

The table below illustrates lease payments made in FY 11 by fund and agency. Much of the agency expenditures below reflect lease obligations and prepayments for vehicles acquired through the Smart Lease Vehicle Program.

FY 11 Master Lease Vehicle Expenditures by Funding Source			
Agency	GR	Other	Total
Treasurer		\$15,431.23	\$15,431.23
DESE	\$8,544.62	\$35,292.66	\$43,837.28
Health & Senior Services		\$107,961.76	\$107,961.76
Public Safety		\$12,600.00	\$12,600.00
Corrections	\$412,756.25		\$412,756.25
Social Services	\$218,872.80	\$424,593.83	\$643,466.63
	\$640,173.67	\$595,879.48	\$1,236,053.15

State Fleet Data

Licensed Vehicles per Agency

At the end of FY 11, the state owned approximately 10,821 licensed motor vehicles.⁵ The largest owners of state vehicles are the Departments of Transportation, Public Safety and Conservation. Combined, these three agencies own and operate about 66% of the state's licensed motor vehicles. The table to the right details the number of reported vehicles by agency as of June 30, 2011.

Licensed Vehicles per Agency	
Transportation	4,397
Public Safety	1,577
Conservation	1,158
Corrections	794
Natural Resources	691
Social Services	604
Mental Health	485
Office of Administration	357
Agriculture	236
Elementary & Secondary Education	131
Health & Senior Services	80
DIFP	60
Lottery	58
Revenue	44
Economic Development	34
Labor & Industrial Relations	33
OSCA	22
Attorney General	19
State Tax Commission	16
Secretary of State	13
Higher Education	4
Legislature	3
Treasurer	2
Auditor	1
Governor's Office	1
Lt. Governor's Office	1
TOTAL	10,821

⁵ Excludes vehicles owned by most entities within the Judiciary and vehicles at the state colleges and universities.

State Fleet Data

Vehicles per 100 Employees

One measure of the state fleet's efficiency is the number of licensed vehicles per 100 employees. In FY 11 there were 19.02 vehicles per 100 employees, which was a slight decrease from 19.49 in FY 10. The table below represents the number of licensed vehicles in FY 11 for every 100 employees by agency.

Licensed Vehicles Per 100 Employees	
Transportation	69.98
Highway Patrol	61.33
Conservation	60.85
Agriculture	60.20
Natural Resources	37.35
Office of Administration	17.08
Lt Governor's Office	16.67
DIFP	10.73
Judiciary	9.44
Revenue	8.70
Social Services	7.80
Corrections	7.18
Elementary & Secondary Education	6.24
Higher Education	6.15
Mental Health	5.61
Attorney General's Office	4.96
Secretary of State	4.94
Health & Senior Services	4.65
State Treasurer	3.92
Economic Development	3.85
Labor & Industrial Relations	3.65
Public Safety (not including MSHP)	3.46
Governor's Office	2.94
State Auditor	0.83
Legislature	0.43
STATE	19.02

State Fleet Data

Total Business Miles

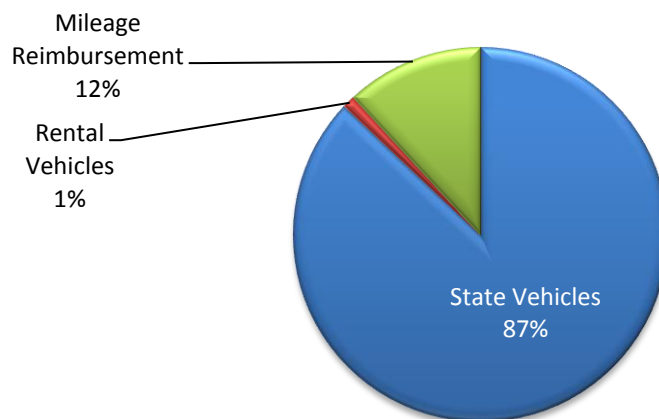
The total miles driven measurement reflects the total business miles traveled on official state business in licensed vehicles. This includes business miles collected from the following data sources:

- State Fleet Information System
- Self-reported data from MoDOT, Conservation and Highway Patrol
- Estimated miles reimbursed for personally-owned vehicles⁶
- Rental vehicle miles reported by Enterprise Rent-a-Car

The table below illustrates a continued transition of business miles away from mileage reimbursement. The number of miles reimbursed has declined for the sixth straight year as agencies aggressively manage business travel by utilizing less costly state and rental vehicles.

Business Miles Driven by Fiscal Year				
Travel Option	FY 08	FY 09	FY 10	FY 11
State Vehicles	158,400,815	155,216,423	155,453,604	146,556,140
Rental Vehicles	4,190,264	3,118,260	2,143,156	1,825,087
Mileage Reimbursement	26,861,341	24,486,288	23,241,368	20,028,851
TOTAL	189,452,420	182,820,971	180,838,128	168,410,078

FY 11 Business Miles by Travel Option



⁶ Calculated by taking total instate and outstate mileage reimbursement expenditures for state employees only divided by the standard mileage reimbursement rate issued by OA Accounting.

State Fleet Data

Total Business Miles by Agency

The below table includes miles driven in state and rental vehicles as well as miles reimbursed to state employees.

Business Miles Driven by Agency			
Agency	FY 09	FY 10	FY 11
Transportation	61,326,617	63,847,477	54,721,594
Public Safety	31,224,913	32,040,171	32,089,840
Conservation	16,067,062	15,516,174	15,106,159
Social Services	17,771,209	16,125,020	14,535,856
Corrections	13,318,772	12,083,567	11,957,730
Natural Resources	8,115,334	7,126,545	6,978,048
Mental Health	6,390,485	5,972,241	5,250,311
Health & Senior Services	5,665,801	5,079,825	5,017,144
Agriculture	3,836,334	3,824,980	3,757,197
Revenue	2,286,244	2,418,215	2,419,845
Public Defender	2,026,623	2,408,051	2,398,104
Elementary & Secondary Education	3,030,027	2,790,397	2,359,996
Office of Administration	2,864,902	1,555,894	2,136,484
DIFP	1,765,547	1,951,398	1,982,096
Legislature	1,843,368	1,847,328	1,774,943
OSCA	1,418,485	1,684,537	1,640,058
Economic Development	1,108,650	1,732,587	1,598,849
Attorney General	1,126,146	1,197,567	1,036,687
Labor & Industrial Relations	780,209	832,439	932,272
State Auditor	382,380	345,610	305,300
Secretary of State	264,236	229,936	238,236
Higher Education	165,051	160,373	101,139
State Treasurer	8,748	31,018	37,550
Governor	18,912	31,490	33,487
Lt. Governor	14,919	5,290	1,153
TOTAL	182,820,971	180,838,128	168,410,078

State Fleet Data

State Vehicle Use

State vehicles are utilized for a variety of functions. The State Fleet Information System classifies vehicles according to their assignment (pool, function, or individual) and purpose (client transportation, employee transportation, special purpose or task specific).⁷ The tables on this page illustrate the various classifications of vehicle assignments along with the associated miles driven per assignment.

Fleet purpose descriptions for each agency are available at the end of this report. Examples of state vehicle use are:

- Law Enforcement
- Caseworkers
- Child Abuse and Neglect Investigations
- Mental Health Client Transportation
- Emergency Response
- Facility Support
- Road and Maintenance Construction
- Meat and Grain Inspections
- Mail Delivery
- Nursing Home Inspections
- Employee Transportation
- Parks Maintenance
- Inmate Transportation
- Environmental Investigations and Enforcement

Primary Assignment	% of Vehicles	Average Miles Driven	% of Miles Driven
Pool	29%	17,522	37%
Function	59%	9,873	44%
Individual	12%	17,316	19%

Primary Purpose	% of Vehicles	Average Miles Driven	% of Miles Driven
Client Transportation	13%	10,134	10%
Employee Transportation	35%	17,811	47%
Special Purpose	24%	13,128	23%
Task Specific	28%	9,369	20%

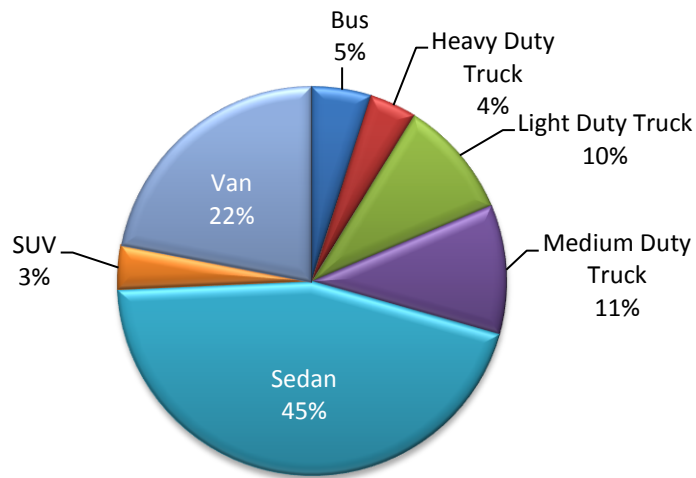
⁷ Data from the Departments of Transportation and Conservation and the Missouri State Highway Patrol are excluded from this analysis.

State Fleet Data

State Fleet Composition

The chart below illustrates the breakdown of licensed vehicles in the state fleet. The data excludes the Departments of Transportation and Conservation and the Missouri State Highway Patrol.

FY 11 State Vehicles by Category

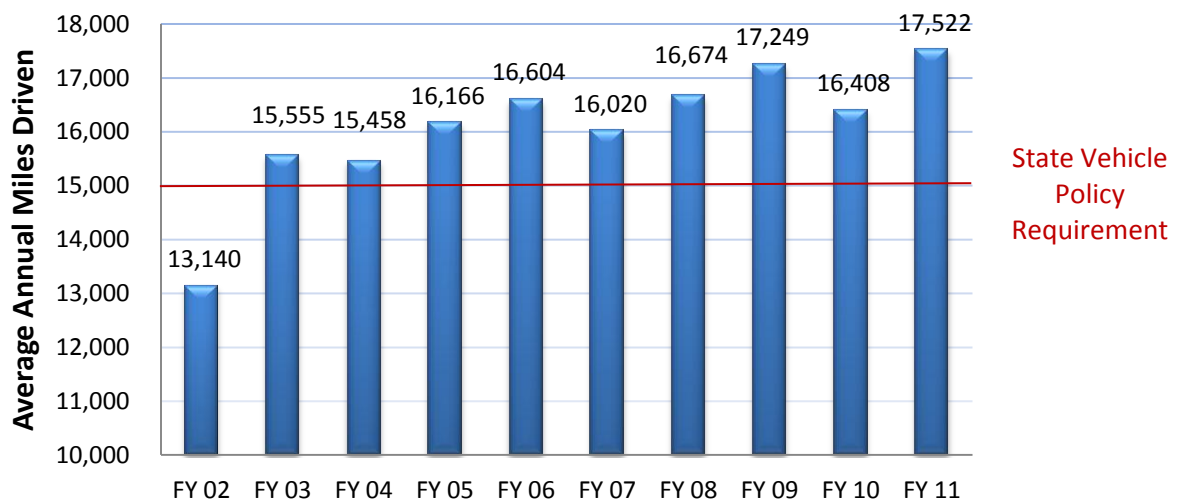


State Fleet Data

Pool Vehicle Utilization

The State Vehicle Policy requires an average of 15,000 annual miles for vehicles assigned to pools. Approximately 29% of the vehicles in the state fleet are assigned to a pool as general use vehicles available for multiple individuals. State Fleet Management continues to encourage the use of pool vehicles to maximize the utilization of state vehicles. The following chart reflects the continued high average for state pool vehicles since the inception of the State Fleet Management Program in 2002. Average agency pool utilization for FY 11 is illustrated in the table at the bottom of the page.

Statewide Pool Vehicle Average



FY 11 Average Pool Utilization by Agency			
Agriculture	11,064	Natural Resources	14,112
Attorney General	20,405	Office of Administration	19,892
Corrections	17,367	OSCA	10,458
Economic Development	24,997	Public Safety (except MSHP)	21,199
Elementary & Secondary Ed	12,352	Revenue	20,847
Health & Senior Services	21,922	Secretary of State	13,560
Higher Education	10,551	Social Services	18,322
DIFP	13,844	State Treasurer	25,306
Labor & Industrial Relations	19,795	Lt. Governor	1,023
Mental Health	13,880		
STATE AVERAGE			17,522

State Fleet Data

Cost Per Mile

The primary measure in evaluating fleet costs is the total cost per mile. Tracking the cost to own and operate state vehicles is essential to making informed decisions regarding the state fleet. The weighted average cost to own and operate a non-specially equipped mid or full size sedan in the state fleet was \$.275 per mile in FY 11, which is the lowest cost of all vehicle travel options.

The State of Missouri keeps state vehicle costs low through several cost containment strategies. Vehicles are purchased through state contracts at significant discounts from sticker prices due to fleet incentives from the auto manufacturers. State agencies are able to reduce operating costs of state vehicles by utilizing state maintenance facilities and contracts such as the state tire contract. With a labor rate significantly below other local vendors, the Office of Administration's Vehicle Maintenance Facility in Jefferson City saves state agencies hundreds of thousands of dollars each year. Additionally, the State of Missouri self-assumes liability coverage for motor vehicle accidents through the State Legal Expense Fund and administers motor vehicle claims internally.

As depicted below, the weighted average cost per mile is calculated based on the number of mid size sedans vs. full size sedans in the fleet.

Cost Per Mile			
Cost Component	Mid Size	Full Size	Weighted Average
Depreciation	\$.1031	\$.1004	\$.10122
Insurance/Fleet Fee	\$.0133	\$.0133	\$.0133
Administration	\$.0200	\$.0200	\$.0200
Fuel	\$.1149	\$.1214	\$.1195
Maintenance/Repair	\$.0589	\$.0340	\$.0414
Total	\$0.2902	\$0.2691	\$0.2754

State Fleet Data

Fuel Cost Trends

Fuel price volatility is consistently one of the most challenging issues in fleet management. The average annual price per gallon for regular unleaded gasoline and the annual percentage increase from the Federal Energy Information Administration are listed below from FY 05 – FY 11.



Average Midwest Regional Gas Prices Regular Unleaded Gasoline		
Fiscal Year	Price Per Gallon	% Increase Over Prior Year
FY 05	\$1.93	
FY 06	\$2.47	32% ⁸
FY 07	\$2.55	3%
FY 08	\$3.14	23%
FY 09	\$2.51	-20%
FY 10	\$2.59	3%
FY 11	\$3.13	21%

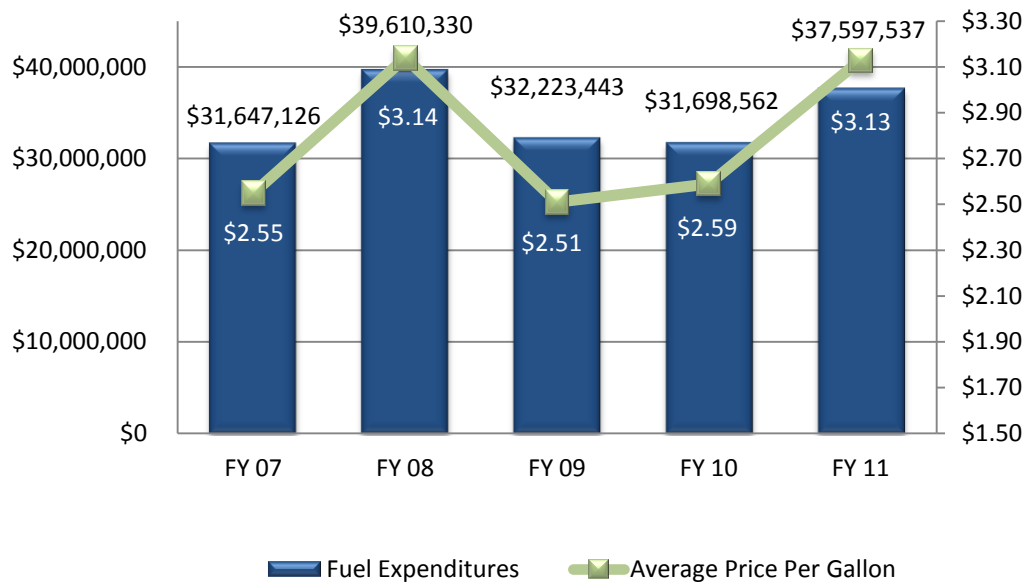
⁸ FY 06 cost increased after Hurricane Katrina which damaged refineries in the gulf coast region in August 2005.

State Fleet Data

Fuel Expenditures

After hitting record levels in FY 08, fuel expenditures stabilized in FY 09 and FY 10 and then increased again in FY 11. The total fuel expenditures are illustrated in the following chart along with the average price per gallon for unleaded fuel.

State Fleet Fuel Expenditures



Fuel expenditures by agency are detailed below.

Fuel Expenditures by Agency					
Agency	FY 08	FY 09	FY 10	FY 11	% Change FY 10 – FY 11
Transportation	\$22,297,562	\$17,354,476	\$18,116,807	\$21,265,926	17%
Conservation	\$3,934,074	\$3,127,438	\$2,916,229	\$3,472,564	19%
Highway Patrol	\$4,607,206	\$4,212,361	\$3,979,696	\$4,916,240	24%
All Other Agencies	\$8,771,488	\$7,529,168	\$6,685,830	\$7,942,807	19%
Total	\$39,610,330	\$32,223,443	\$31,698,562	\$37,597,537	19%

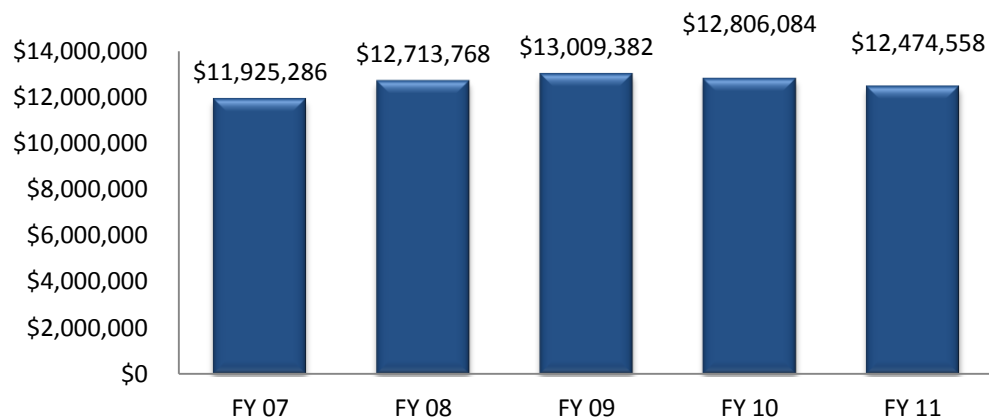
State Fleet Data

Maintenance and Repair Expenditures

State agencies reported a slight decline in the cost of maintenance in FY 11. Maintenance and repair expenditures are expected to continue to rise due to limited funding for vehicle replacements resulting in extended lifecycles. Expenditures for *licensed vehicles only* are illustrated in the chart and table below.



Maintenance and Repair Expenditures



Maintenance & Repair Expenditures by Agency					
Agency	FY 08	FY 09	FY 10	FY 11	% Change FY 10 – FY 11
Transportation	\$8,145,945	\$8,289,302	\$8,475,596	\$7,630,270	-10%
Conservation	\$1,095,751	\$1,090,026	\$1,113,650	\$1,256,149	13%
Highway Patrol	\$674,517	\$863,421	\$691,964	\$804,335	16%
All Other Agencies	\$2,797,556	\$2,766,633	\$2,524,874	\$2,783,804	10%
Total	\$12,713,768	\$13,009,382	\$12,806,084	\$12,474,558	-3%

State Fleet Data

Fleet Driver Data

A key component of any fleet safety program is assurance that employees operating employer provided vehicles have valid driver's licenses. Many private fleet safety companies offer services to validate licenses against state departments of revenue for a fee per license check. The State Fleet Management Program collaborated with the Department of Revenue to perform this function at no cost to the state.

Since 2006, the State Fleet Information System has provided a mechanism to ensure that state employees operating official vehicles have a valid driver's license. The system interfaces with the Department of Revenue's Missouri Driver's License System on a nightly basis. If the status of an employee's driver's license changes, an email is sent to the designated agency contact person displaying the relevant information so appropriate action can be taken.



Almost 2,200 emails were distributed to agencies reporting a change in license status during FY 11. Emails are sent if the driver's status, restrictions, or endorsements change. Many of the license status changes are due to employees allowing their license to expire.

In June 2008, all active state employees in SAM II, with the exception of the Departments of Conservation and Transportation, were added to the State Fleet Information System Driver's Database. The table below illustrates the percentage of employees that had a change in the status of their license that would no longer allow them operate a state vehicle. A good percentage of the emails sent are due to license expiration.

Fleet Driver's Database Activity			
Fiscal Year	Number of Active Employees in the System	Emails Sent Due to Invalid License Change	Percentage of Employees
FY 09	47,880	3,105	6.5%
FY 10	45,793	2,672	5.8%
FY 11	45,178	2,195	4.9%

State Fleet Data

Vehicle Rental Contract Data

The rental services contract plays an important role in state agencies' efforts to reduce travel expenditures. In most circumstances, a rental vehicle is less costly than employee mileage reimbursement. With the reduction in the standard mileage reimbursement rate to \$.37 per mile, overall savings from the vehicle rental services contract have diminished. The use of rental vehicles peaked in FY 08 and has declined since as agencies have utilized the Smart Lease Vehicle Program to transfer business miles to lower cost state vehicles.

Short-term rentals typically provide a lower cost option to mileage reimbursement when state vehicles are unavailable. Agencies are able to determine whether to utilize the rental contract based on results from the Trip Optimizer, a web-based cost estimating tool that calculates the lowest cost travel option for each trip. The state rental contract offers unlimited in-state miles, making the contract more advantageous to state agencies when employees take long distance trips that are short in duration. The following table illustrates rental contract utilization and estimated savings per mile compared to the standard mileage reimbursement rate.

Fiscal Year	Trips	Rental Days	Miles Driven	Average Rental Cost Per Mile	Standard Mileage Reimbursement Rate	Savings Per Mile	Total Estimated Savings
2004	1,386	3,077	481,722	\$.310	\$.33	\$.020	\$9,654
2005	2,972	6,612	1,042,712	\$.324	\$.345	\$.021	\$21,491
2006	4,574	9,803	1,588,935	\$.328	\$.375	\$.047	\$74,924
2007	8,013	17,979	2,640,526	\$.349	\$.415	\$.066	\$174,599
2008	10,040	25,726	4,190,264	\$.336	\$.455	\$.119	\$498,902
2009	9,286	20,254	3,118,260	\$.350	\$.475	\$.125	\$390,563
2010	6,335	14,821	2,143,456	\$.344	\$.37	\$.026 - \$.156	\$260,615*
2011	4,837	13,282	1,774,422	\$.36	\$.37	\$.01	\$17,651
Total Contract Savings to Date							\$1,448,399

*Savings calculated based on reimbursement rate in effect on the date of the rental.

Agency Fleet Compliance

Fleet Management Statute

Section 37.450 RSMo. authorizes the Commissioner of Administration to issue policies governing the acquisition, assignment, use, replacement, and maintenance of state-owned vehicles. The State Vehicle Policy (SP-4) promulgates these policies. State Fleet Management monitors agency compliance with the Fleet Management Statute and the State Vehicle Policy. A report of agency compliance follows.

Reporting of State Vehicle Data

As required under Section 37.450 RSMo.⁹, the State Fleet Information System was implemented on July 1, 2003. Agencies are required to submit vehicle data in a format and frequency requested by the State Fleet Manager. The following agencies have not yet provided the requested data for FY 03 - FY 11.

- Department of Transportation
- Department of Conservation
- Missouri State Highway Patrol

Without detailed vehicle data, State Fleet Management is unable to confirm agency compliance with minimum utilization standards outlined in the State Vehicle Policy (SP-4) for the Departments of Transportation and Conservation and the Missouri State Highway Patrol.

State Vehicle Fleet Fee

The fleet management statute¹⁰ requires each state agency to pay a state vehicle fleet fee, as determined by the Office of Administration, for each vehicle it owns. Fee assessments are issued in July based on the number of active vehicles recorded in the State Fleet Information System as of June 30th each year.

⁹ Section 37.450 RSMo. (3) The Fleet Manager shall institute and supervise a state fleet vehicle tracking system in which the cost of owning and operating each state vehicle is documented by the agency owning the vehicle. All state agencies shall report the purchase and the sale of any vehicle to the fleet manager and provide any additional information requested by the Fleet Manager in the format, manner and frequency determined by the Office of Administration....

¹⁰ Section 37.450 RSMo. (7) Each agency shall pay a state vehicle fleet fee, as determined by the Office of Administration for each vehicle it owns for the purpose of funding the state fleet vehicle tracking system and for other administrative expenses incurred in management of the state vehicle fleet. Any agency that owns at least one thousand vehicles shall receive a credit against the state vehicle fleet fee for the internal fleet management services performed by such agency, provided such agency furnishes all information required by the Fleet Manager.

Agency Fleet Compliance

Fleet Management Statute

The purpose of the fleet fee is to fund the Fleet Information System and other administrative expenses incurred in management of the state fleet. Since the Office of Administration developed the State Fleet Information System in-house, agencies are not billed for system development or ongoing system support costs as part of the fee. Administrative costs including the State Fleet Manager's salary, associated fringe benefit expenses and minor expense and equipment are included in the fee calculation. In FY 11, the state fleet fee was \$23.50 per licensed active vehicle.

Vehicle counts as of June 30, 2011 were used to calculate each agency's total fleet fee. Since the Departments of Transportation and Conservation and the Missouri State Highway Patrol have fleets in excess of 1,000 vehicles, their fleet fee was reduced to \$11.75 per vehicle as allowed by statute.

The Department of Transportation expressed its refusal to pay the fleet fee because they believe a full credit of the fee should apply, and they refuse to authorize agency funds to pay for services which they believe are redundant to those provided by their own agency.

The Department of Conservation has not paid the fleet fee and questioned the benefit the department would receive from State Fleet Management.

State Colleges and Universities

In July 2003, discussions with the Department of Higher Education led to the determination that state colleges and universities were responsible for following the State Vehicle Policy, but they would be exempt from the vehicle pre-approval process. Although State Fleet Management distributed the State Vehicle Policy to state colleges and universities, the ability to monitor compliance is limited due to lack of resources as well as a lack of data since none of the colleges and universities have agreed to utilize the State Fleet Information System.

Agency Fleet Compliance

State Vehicle Policy

Agency Non-Compliance Issues

The following are areas in which agencies are currently not compliant with the State Vehicle Policy.

The policy requires an average annual minimum utilization of 15,000 miles for pool vehicles. Listed below are the agencies with averages below the minimum requirement.

- Agriculture
- Mental Health
- Natural Resources
- Elementary & Secondary Education
- Department of Insurance, Financial Institutions and Professional Registration

The Department of Transportation has previously communicated their intent not to adhere to the following statewide fleet management policies:

- Track individual trip information
- Obtain preapproval of passenger vehicles
- Obtain approval to expand the size of their fleet

The Department of Conservation has previously communicated their intent not to adhere to the following statewide fleet management policies:

- Track individual trip information
- Obtain preapproval to purchase passenger vehicles

Agency Fleet Purpose Descriptions

Since the State of Missouri fleets operate in a decentralized fashion, the following fleet profiles were submitted by state agencies to present an overview of how their fleet is utilized.

Attorney General

- Provide a pool of vehicles for attorneys to travel to court appearances throughout the state and for use on official business
- Mail delivery

Secretary of State

- Operate a carpool used by employees of the office in the routine duties of their positions, which includes but is not limited to securities investigations, consulting with libraries throughout the state, making management visits to out-state Secretary of State offices, completing local records activities, performing on-site visits associated with sub-recipient monitoring of federal funds, and performing various other work activities
- Delivery and retrieval of records
- Mail pickup and delivery

State Auditor

- One vehicle designated for local courier

State Treasurer

- Operate a carpool used by employees of the office in their routine duties, which include unclaimed property and linked deposit audits, unclaimed property and linked deposit booths, and presenting and attending seminars throughout the State of Missouri
- Mail pickup and delivery

Agriculture

- Weights and Measures Division: Fuel and scale inspections, etc.
- Grain Inspection and Warehousing Division: Grain inspections and audits, etc.
- Plant Industry Division: Nursery inspection, gypsy moth and boll weevil control, etc.
- Market Information and Outreach Division: Market reporting and scholarship awards, etc.
- Animal Health Division: Meat inspection, food safety, brucellosis inspections, animal identification, etc.
- Agriculture Business Development Division: Travel relating to program activity grants and loans, etc.
- State Milk Board: Travel related to the inspection of milk

Agency Fleet Purpose Descriptions

- Missouri State Fair: Travel related to the promotion of the Missouri State Fair

Conservation

- The Department of Conservation (MDC) provides highway, construction, farm, marine and other equipment, which are necessary for its operations and intended for official use
- MDC vehicles and equipment are tools for staff to deliver programs and services that positively affect Missouri's forest, fish, and wildlife resources

Corrections

- Inmate transportation
- Institutional security (perimeter patrol/emergency response)
- Special use vehicles for delivery of commodities (food, etc.) and materials (Missouri Vocational Enterprise products, road aggregate material, etc.)
- Institutional support and maintenance of buildings

Economic Development

- Pickup and delivery of supplies, inventory and mail
- Support and maintenance of remote site and local buildings
- Investigations and inspections (Public Service Commission)

Elementary & Secondary Education

- Support and maintain state-owned buildings
- Support administrative functions (mailroom, telecommunications, laundry)
- Investigations and license revocations
- Transport students and staff
- Transport staff to provide technical assistance to school districts

Health & Senior Services

- Nursing home inspections
- Hospital inspections
- Restaurant inspections
- Daycare facility inspections
- In-home visits of seniors
- Sewage treatment inspections
- Facility air quality inspections
- Elder abuse investigations

Agency Fleet Purpose Descriptions

Higher Education

- Transport equipment, staff and board members to various meetings throughout the state
- Visits to public and private campuses
- Daily inter-city mail and delivery route

Insurance

- Pickup and delivery of supplies, inventory, etc. and run errands
- Investigations and inspections

Labor & Industrial Relations

- Perform tax audits
- Perform mine safety inspections
- Support and maintain state owned buildings
- Maintain statewide information systems
- Adjudication
- Fraud and non-compliance investigations
- Support administrative functions

Mental Health

- Transportation for clients served by the Department of Mental Health (DMH)
- Maintenance of buildings and grounds at DMH facilities
- Delivery of materials and supplies at DMH facilities
- Transportation for DMH employees to conduct state business
- Support DMH programs and activities

Agency Fleet Purpose Descriptions

Natural Resources

- Compliance assistance, monitoring, sampling, permit site visits, and other travel associated with landfills, hazardous waste, public drinking water, water quality, air quality, soil conservation and water conservation
- Enforcement of environmental regulations and when necessary investigation of possible violations
- Provide an Emergency Environmental Response capability for responding to hazardous material incidents, methamphetamine abatement, and meth lab cleanup efforts
- Operation, maintenance, administration, construction and security of over 80 state parks and historic sites
- Provide assistance, education and guidance in the use and protection of Missouri's geologic, water and land resources
- Insuring the safety of dams and determining land boundaries
- Demonstrate technologically advanced vehicles with potential for increased energy efficiency and/or reducing dependence on foreign oil
- Grant assistance, training, monitoring, auditing and other travel related to executing Natural Resources aspects of the American Recovery and Reinvestment Act

Office of Administration

- Support and maintain state owned buildings
- Operate a consolidated carpool used by elected officials and numerous other state agencies
- Inspect state construction sites and leased/owned facilities throughout the State of Missouri
- Pickup and delivery of mail and printing products

Office of the State Courts Administrator

- Support the operations of state courts
- Support statewide court automation
- Support judicial and clerk training programs
- Local use; e.g., mail, IT operations between four facilities, etc.

Agency Fleet Purpose Descriptions

Public Safety

- *Office of the Director*
 - Support of the Department of Defense Equipment Program, Narcotics Control Program and Office of Homeland Security
- *State Emergency Management Agency (SEMA)*
 - Respond to emergency situations
 - Training for city and county Emergency Management Directors
 - Preparedness and planning for city and county Emergency Management Directors
- *Alcohol and Tobacco Control*
 - Enforcement of Liquor Control Laws
 - Licensing of liquor establishments
 - Enforcement of alcohol and tobacco underage sales laws
 - Collection of over \$30 million in excise taxes
 - Training of servers and alcohol beverage licensees
- *Missouri Veteran's Commission (MVC)*
 - Provide transportation for residents
 - Support and maintain residents and veteran's homes
 - Support Veterans Cemetery operations
 - Provide transportation for Veterans Service program
- *Missouri Capitol Police (MCP):*
 - Police patrol
 - Response to calls for police service
 - Traffic enforcement and parking enforcement
 - Security escorts
- *Division of Fire Safety (DFS)*
 - Emergency response to fires, bomb threats and/or explosions
 - Mutual aid and Homeland Security response.
 - Inspections of daycare and group homes, boilers, pressure vessels, elevators, escalators and amusement rides
 - Provide pool vehicles for staff conducting state mandated and assigned duties
- *Adjutant General's Office*
 - Support of Missouri National Guard missions
 - Support facility maintenance requirements
 - Mail deliveries

Agency Fleet Purpose Descriptions

Revenue

- Transportation of agency staff while conducting state business

Social Services

- Direct services to the public (rehabilitation services for the blind)
- Support and maintain direct services to youth and families (youth homes, case management and aftercare services, child abuse/neglect investigations/interventions)
- Investigations of child fatalities, Medicaid and IM (welfare) fraud
- Emergency Management duties and responsibilities associated with Mass Care throughout the state
- Mail pickup and delivery
- Transfer of equipment/supplies from one location to another

Transportation

- Comprised of passenger vehicles, utility trucks, aerial units, dump trucks, sweepers and various types of off-road construction equipment to construct and maintain the state's highway system.

Missouri Lottery

- Promote the Missouri Lottery by traveling to meet with retailers and sponsoring promotional events
- Sales routes
- Maintenance and delivery of Lottery materials
- Support regional offices located in Kansas City, St. Louis, Springfield and Jefferson City

State Tax Commission

- Travel to counties to perform appraisals for ratio studies
- Travel to assist county assessors